

Redevelopment Fee Payments Clarified as NJ Supreme Court Wraps Up Litigation

By Michael A. Bruno

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The New Jersey Supreme Court has brought to a close a long-running case that significantly clarified the lawfulness and scope of redevelopment-related payments under the Local Redevelopment and Housing Law. The action in *Blackridge Realty v. City of Long Branch* also reaffirms the broad discretion municipalities have in negotiating such terms with redevelopers. On Sept. 3, the state Supreme Court denied certification sought by Blackridge Realty, confirming earlier rulings that upheld the city's actions and redevelopment approvals for an eight-story, residential rental building. The ruling clears the way for long-awaited progress in one of Long Branch's most significant redevelopment areas. It also marks a victory for 290 Ocean, LLC, a company solely owned by local developer Mario Parisi Jr.

\$2 Million Payment at Issue

The litigation arose from a redevelopment agreement between the City of Long Branch and a private redeveloper involving property within the city's Oceanfront-Broadway Redevelopment Area. Under the Redevelopment Agreement, the redeveloper agreed to pay the city a \$2 million payment expressly termed a



Courtesy photo.

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"redevelopment fee." The agreement provided that the redevelopment fee would benefit the city's redevelopment areas and serve as an additional community benefit to address impacts within the city associated with redevelopment activities.

The city subsequently used the redevelopment fee to renovate and improve a neighboring senior center that serves local residents. Although the senior center was located near—but outside—the official redevelopment area—the city determined, and the courts agreed, that use of the funds was consistent with the purposes of the Local Redevelopment and Housing Law (LRHL), N.J.S.A. 40A:12A-1, in supporting redevelopment costs and advancing broader municipal revitalization efforts.

Blackridge Realty, a property owner within the same designated redevelopment area and an immediate neighbor to the subject site, challenged both the payment and the plan amendment. Notably, Blackridge Realty had itself developed a multifamily project in the same redevelopment area under the city's original redevelopment plan but later objected to the amended plan adopted for the adjacent project.

In addition to contesting the redevelopment fee payment and plan amendment, Blackridge Realty also appealed the planning board's approval of the site plan and the New Jersey Department of Environmental Protection's issuance of a Coastal Area Facility Review Act (CAFRA) permit for the project. Both approvals were upheld by the courts.

Appellate Division: No Strict Nexus Required

On March 6, the Appellate Division rejected all of Blackridge Realty's claims, upholding the lawfulness of the payment and affirming the trial court's ruling in favor of the city and the redeveloper. *Blackridge Realty v. City of Long Branch*, No. A-1400-23 (App. Div. Mar. 6, 2025) (approved for publication).

In a detailed analysis, the court distinguished the LRHL from the Municipal Land Use Law (MLUL), N.J.S.A. 40:55D-1 et seq. The court observed that under the MLUL, developer contributions are subject to a "rational nexus" requirement—meaning there must be a reasonable connection between the contribution and the need for or benefit from the off-tract improvement generated by the development.

In addition, the MLUL limits the permissible use of such contributions to the specific types of off-tract improvements enumerated in the statute and does not authorize their use for improvements or purposes not expressly provided for in the statute.

By contrast, the Appellate Division held that the LRHL imposes no such direct nexus or statutory-use limitation. The LRHL grants municipalities broad and flexible authority to negotiate and collect payments from redevelopers to defray the costs of the redevelopment entity.

The court emphasized that the statutory language of the LRHL is deliberate—authorizing municipalities to "negotiate and collect revenue from a redeveloper to defray the costs of the redevelopment entity"—without restricting such payments to expenses that directly arise from the specific redevelopment project or to a prescribed set of improvement categories.

Accordingly, the court concluded that, so long as a payment is reasonably related to the municipality's broader redevelopment purposes, it is lawful under the LRHL. The court further found no merit in a spot-zoning claim, concluding that the plan amendment for the redevelopment project was consistent with the city's long-standing redevelopment objectives and overall planning framework.

Lawfulness and Practical Implications

The *Blackridge* decision offers broader guidance on an issue that has been the subject of considerable discussion within the redevelopment law community—namely, whether payments made under the LRHL may be used for improvements or facilities located outside the boundaries of a designated redevelopment area. The Appellate Division's ruling indicates that such payments may be lawful, provided they are reasonably related to and supportive of the broader purposes of the municipality's redevelopment program.

In this case, the city's use of the \$2 million redevelopment fee to renovate and improve

a nearby senior center—although located just outside the boundaries of the redevelopment area—was upheld as consistent with the LRHL. The decision illustrates that municipalities have flexibility under the LRHL to apply redevelopment-related funds to projects that serve the public interest and advance broader revitalization goals, even when those projects are not physically situated within the redevelopment zone.

While the decision provides broader guidance rather than categorical certainty, lawyers should be mindful that the proximity of the improvement to the redevelopment area was likely an important contextual factor in this case. The opinion underscores that such applications must continue to align with the LRHL's purposes—promoting the public interest, supporting redevelopment efforts and advancing municipal revitalization objectives—when determining the lawful scope of negotiated redevelopment payments.

Procedural Finality and Aftermath

After the Appellate Division's decision, Blackridge Realty sought review by the New Jersey Supreme Court, which denied certification. That denial conclusively ends the case and leaves the Appellate Division's published opinion as binding precedent.

The decision also closes a lengthy chapter of litigation. Despite numerous appeals and administrative challenges, the courts consistently upheld the city's actions and confirmed the legality of the redevelopment process under the LRHL.

Blackridge Realty v. City of Long Branch stands as a definitive affirmation of municipal discretion under the LRHL and a practical guide for structuring redevelopment agreements in New Jersey. The ruling underscores that redevelopment-related payments need not meet the MLUL's narrow nexus test and that municipalities have lawful authority to apply such funds to broader community improvements tied to redevelopment objectives.

By upholding the city's actions and the legality of the redevelopment agreement, the Appellate Division—and, by implication, the Supreme Court's denial of further review—provides municipalities, redevelopment authorities and redevelopers with clearer guidance on the lawful scope of payments or contributions made under a redevelopment agreement pursuant to the LRHL.

The decision confirms that, while such payments are not required in every redevelopment transaction, they may lawfully serve as an integral component of a redevelopment agreement when properly structured to advance legitimate redevelopment objectives and the public interest.

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